PRODUCT KEY FACTS

CSOP MSCI China A 50 Connect ETF
a sub-fund of the CSOP ETF Series OFC

CSOP Asset Management Limited

20 December 2023

- ***This is a passive exchange traded fund.***
- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Prospectus.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Stock code:	3003
Trading lot size:	100 Shares
Fund Manager:	CSOP Asset Management Limited
Custodian:	Cititrust Limited
Registrar:	Tricor Investor Services Limited
Sub-Custodian and Administrator:	Citibank, N.A., Hong Kong Branch
Underlying Index:	MSCI China A 50 Connect Index (net total return version)
Base currency:	Renminbi ("**RMB**")
Trading currency:	HKD
Financial year end of this fund:	31 December
Dividend policy:	Subject to the Manager's discretion. Currently the Manager intends to distribute income to Shareholders annually (in December). Distributions may be paid out of capital or effectively out of capital and reduce the Sub-Fund's net asset value ("**NAV**"). However, there is no guarantee of regular distribution nor the amount being distributed (if any). **Distributions on any Shares will be in RMB only.**
Ongoing charges over a year#:	1.56% (Maximum 3% p.a.)
Tracking difference of the last calendar year##:	-1.33%
ETF website:	http://www.csopasset.com/en/products/hk-mscia50 (this website has not been reviewed by the SFC)

 # The ongoing charges figure is based on expenses for the year ended 31 December 2022. This figure may vary from year to year. The ongoing charges figure does not include the Swap fees as discussed herein. The Manager will cap the ongoing charges figure for the Sub-Fund at a maximum of 3% p.a. ("OCF Cap"). This means that any expense of the Sub-Fund (falling within the scope of ongoing expenses) incurred during this period will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure exceeding the OCF Cap.

This is the actual tracking difference of the last calendar year. Investors should refer to the Sub-Fund's website for more up to date information on actual tracking difference.

What is this product?

The CSOP MSCI China A 50 Connect ETF (the "**Sub-Fund**") is a sub-fund of the CSOP ETF Series OFC (the "**Company**"), which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds. The Sub-Fund is a passively managed index tracking ETF authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission (the "**SFC**"). The shares of the Sub-Fund (the "**Shares**") are traded on the Stock Exchange of Hong Kong Limited (the "**SEHK**") like stocks.

SFC registration and authorization do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or their performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.

The Sub-Fund is a physical ETF and invests primarily in China A-Shares listed on the Shanghai Stock Exchange ("**SSE**") and Shenzhen Stock Exchange ("**SZSE**") of the PRC mainland primarily through the Manager's Qualified Foreign Investor ("**QFI**") status and/or the mutual stock market access between PRC mainland and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (the "**Stock Connect**"). The Sub-Fund is denominated in RMB.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the MSCI China A 50 Connect Index (the "**Index**"). There is no assurance that the Sub-Fund will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the Sub-Fund, the Manager intends to adopt a combination of physical representative sampling and synthetic representative sampling strategy. The Sub-Fund will (i) primarily use a physical representative sampling strategy by investing 50% to 100% of its NAV in A-Shares constituting the Index ("**Index Securities**"); and (ii) where the Manager believes such investments are beneficial to the Sub-Fund and will help the Sub-Fund achieve its investment objective, use a synthetic representative sampling strategy as an ancillary strategy by investing up to 50% in financial derivative instruments ("**FDIs**"), which will only be funded total return swaps with one or more counterparties. Exposure of the Sub-Fund to the Index Securities (either through direct investment or through FDIs) will be in substantially the same weightings (i.e. proportions) as these Index Securities have in the Index.

Physical representative sampling sub-strategy

For direct investments in the Index Securities, currently, the Sub-Fund will invest primarily through the Manager's QFI status and/or the Stock Connect. The Manager may invest up to 100% of the Sub-Fund's Net Asset Value through the Stock Connect and up to 30% of the Sub-Fund's Net Asset Value through the Manager's QFI Status.

Synthetic representative sampling sub-strategy

The Sub-Fund's synthetic representative sampling strategy will involve investing up to 50% of its NAV in FDIs, which will only be direct investment in funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the Swap Counterparty(ies) and in return the Swap Counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant Securities (net of indirect costs). The Manager will only use a synthetic representative sampling sub-strategy when it considers that such investments are beneficial to the Sub-Fund.

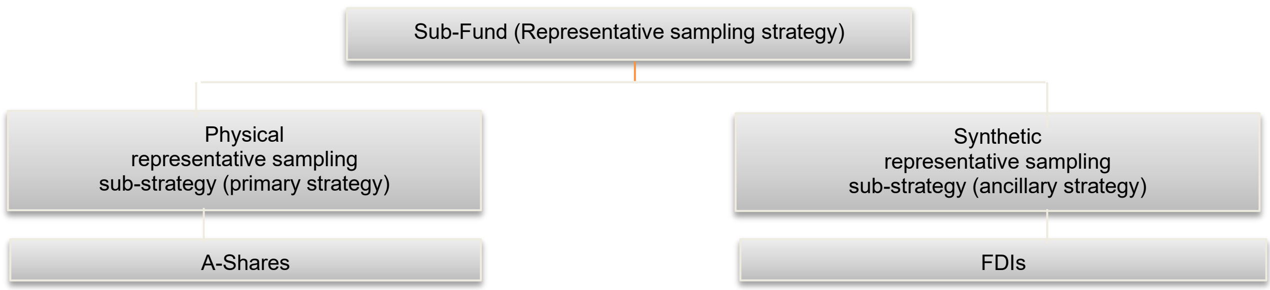
The Sub-Fund will bear the Swap fees, which includes all costs associated with swap transactions and are subject to the discussion and consensus between the Manager and the swap counterparty based on the actual market circumstances on a case-by-case basis. The swap fees represent the brokerage commission and the swap counterparty's cost of financing the underlying hedge.

Currently, the swap fees are expected to range from 0.00% to -0.50%* per annum of the swap notional amount (i.e. from 0.00% to -0.50%* per annum of the Sub-Fund's Net Asset Value). This is a best estimate only and the actual swap fees may deviate from the aforesaid estimate depending on actual market conditions. In extreme market conditions and exceptional circumstances, the brokerage commission and the swap counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees. When the actual swap fee level exceed the disclosed level, the Manager will issue notice to the investors. The Sub-Fund shall bear the swap fees (including any costs associated with the entering into, or unwinding or maintenance of, any hedging arrangements in respect of such swaps). The maximum unwinding fee payable by the Sub-Fund is 0.50%* per transaction on the notional amount of the swap unwound.

The Swap fees will be disclosed in the interim and annual financial reports of the Sub-Fund. The Swap fees will be borne by the Sub-Fund and hence may have an adverse impact on the NAV and the performance of the Sub-Fund, and may result in higher tracking error.

* A positive figure denotes the fee that the Sub-Fund pays to the swap counterparties. A negative figure denotes the fee that the swap counterparties pay to the Sub-Fund.

The diagram below shows the investment strategies of the Sub-Fund:



Securities Lending

The Manager may, on behalf of the Sub-Fund, enter into Securities Lending Transactions, with the maximum level for up to 50% and expected level for approximately 20% of its NAV, and is able to recall the Securities lent out at any time. All Securities Lending Transactions will only be carried out in the best interests of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

Please refer to the section headed "Securities Financing Transactions" under "Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing" of Part 1 of the Prospectus and the Appendix of the Sub-Fund in Part 2 of the Prospectus regarding details of the arrangements.

Other investments

The Sub-Fund may also invest not more than 5% of its NAV in cash and money market funds for cash management purpose.

Other than Swaps, the Sub-Fund may also invest in other FDIs such as forwards for hedging purposes. The Manager does not currently enter into Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions.

Prior approval of the SFC (to the extent required under applicable regulatory requirements) will be sought and not less than one month's prior notice (or such shorter notice period as may be permitted under applicable regulatory requirements) will be given to Shareholders in the event the (i) Manager wishes to invest in Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions, or (ii) the Manager wishes to adopt an investment strategy other than a combination of physical and synthetic representative sampling strategy.

Index

The Index is a free-float market capitalisation weighted index. It is constructed from the MSCI China A Index (the "**Parent Index**"), which is a broad-based benchmark index that captures large and mid-cap A-Shares listed on the Shanghai and Shenzhen exchanges and accessible through the Northbound Stock Connect channel. The Index aims to reflect the performance of the 50 largest securities representing each Global Industry Classification Standard (GICS®) sector (including energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, communication services, utilities and real estate) and reflecting the sector weight allocation of the Parent Index.

The Index is compiled and managed by MSCI Inc. (the "Index Provider"). The Manager (and each of its Connected Persons) is independent of the Index Provider.

The Index is calculated and disseminated in RMB.

The Index is a net total return index. A net total return index calculates the performance of the Index constituents on the basis that any dividends or distributions are reinvested.

The Index was launched on 20 August 2021 and had a base level of 1,000 on 30 November 2012. As at 14 March 2023, the Index had a total free-float market capitalisation of RMB4,742.54 billion and 50 constituents.

The most updated list of the constituents of the Index and their respective weightings from the website of the Index Provider at https://www.msci.com/constituents (the contents of which has not been reviewed by the SFC) and additional information and other important news of the Index at https://www.msci.com/our-solutions/index-profiles/market-cap-weighted/china-a-50-connect (the contents of which has not been reviewed by the SFC).

Bloomberg Code: MXA50CNC

Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. **Investment risk**
   - The Sub-Fund is not principal guaranteed and your investments may suffer losses. There is no assurance that the Sub-Fund will achieve its investment objective.
2. **Equity market risk**
   - The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
3. **New Index risk**
   - The Index is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.
4. **Concentration risk and PRC mainland market risk**
   - The Index is subject to concentration risk as a result of tracking the performance of securities incorporated in, or with the majority of revenue derived from, or with a principal place of business in the PRC mainland. The Sub-Fund's investments are concentrated in a single country (i.e. the PRC mainland). As such, the Sub-Fund may be subject to greater volatility than broad-based funds, such as a global or regional fund, as the Index is more susceptible to fluctuations in value resulting from adverse conditions in the PRC mainland.

- The PRC mainland is considered an emerging market and investments in the PRC mainland market may be subject to greater economic, political, policy, tax, foreign exchange, legal, regulatory, volatility and liquidity risks than that in more developed countries. The A-Shares market is more volatile and unstable (e.g. due to suspension of particular stocks or government intervention) than the more developed markets.

5. Risks associated with investment in FDIs

- The Sub-Fund's synthetic representative sampling strategy will involve investing up to 50% of its NAV in FDIs, which will only be direct investment in funded total return swap transaction(s) through one or more counterparty(ies). Other than Swaps, the Sub-Fund may also invest in other FDIs such as forwards for hedging purposes. As such, the Sub-Fund may suffer significant loss if a Swap Counterparty fails to perform its obligations, or in case of insolvency or default of the Swap Counterparty(ies).
- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

6. Risks associated with the Stock Connect

- The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to invest in A-Shares through the programme on a timely basis. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-Shares or access the PRC mainland market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

7. QFI risk

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC mainland, which are subject to change and may have retrospective effect.
- The Sub-Fund may suffer substantial losses if the approval of the QFI is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities.

8. Risks relating to securities lending transactions

- Securities lending transactions may involve the risk that the borrower may fail to return the Securities lent out in a timely manner and the value of the collateral may fall below the value of the Securities lent out.

9. RMB currency risk

- RMB is currently not a freely convertible currency as it is subject to foreign exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and the value of RMB against the investors' base currency (for example, HKD) may depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

10. PRC mainland tax risk

- There are risks and uncertainties associated with the current PRC mainland tax laws, regulations and practice in respect of capital gains realised via QFI or the Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Sub-Fund does not make any withholding income tax provision for gross unrealised and realised capital gains derived from the trading of A-Shares (either via the Stock Connect or QFI).

11. Trading differences risks

- As the SSE and SZSE may be open when Shares in the Sub-Fund are not priced, the value of the securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Shares. Differences in trading hours between the SSE and SZSE and the SEHK may also increase the level of premium or discount of the Share price to its NAV.
- While A-Shares are subject to trading bands which restrict increases and decreases in the trading price, Shares of the Sub-Fund listed on the SEHK are not. This difference may also increase the level of premium or discount of the Share price to its NAV.

12. <u>Reliance on market makers risk</u>

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Shares and that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement, liquidity in the market for the Shares may be adversely affected if there is no or only one market maker for the Shares. There is also no guarantee that any market making activity will be effective.

13. <u>Tracking error risk</u>

- The Sub-Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, costs of using FDIs and fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

14. <u>Trading risk</u>

- The trading price of the Shares on the SEHK is driven by market factors such as the demand and supply of the Shares. Therefore, the Shares may trade at a substantial premium or discount to the Sub-Fund's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Shares on the SEHK, investors may pay more than the NAV per Share when buying Shares on the SEHK, and may receive less than the NAV per Share when selling Shares on the SEHK.

15. <u>Risk of early termination</u>

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below USD10,000,000 (or its equivalent in the Sub-Fund's base currency). Investors may not be able to recover their investments and may suffer a loss when the Sub-Fund is terminated.

16. <u>RMB distribution risk</u>

- Investors should note that distributions are made in RMB only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

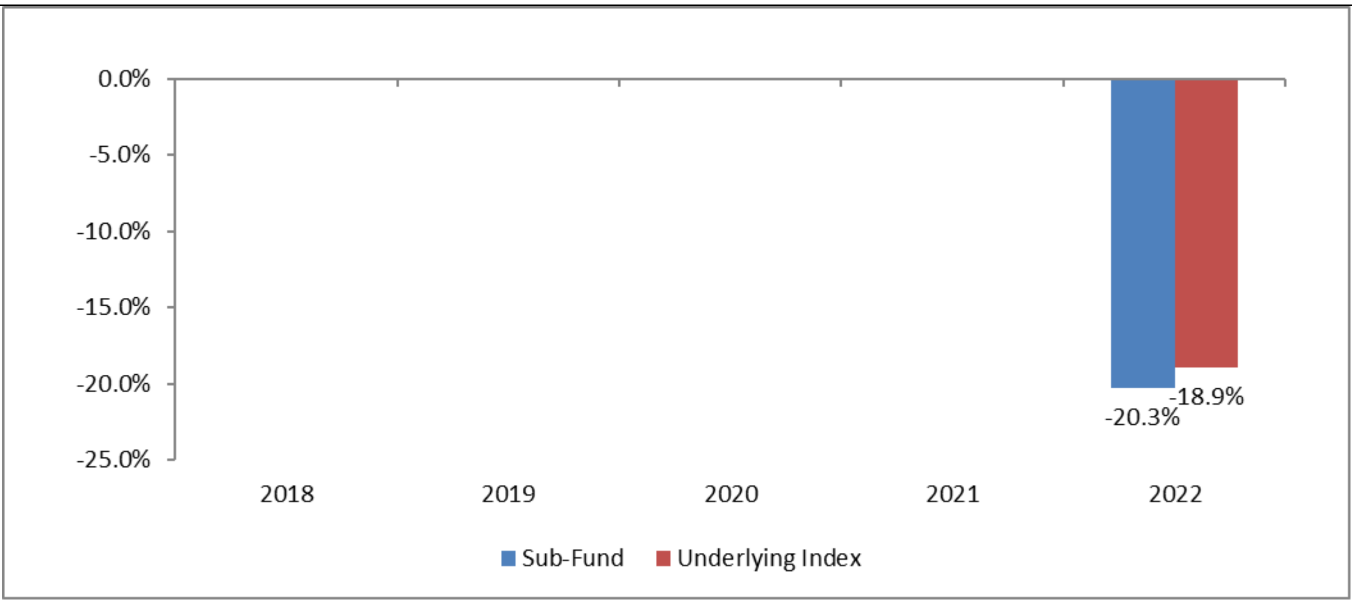
17. <u>Risk relating to distributions paid out of capital</u>

- Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions involving payment of dividends out of capital or effectively out of capital of the Sub-Fund may result in an immediate reduction of the NAV per Share of the Sub-Fund.

18. <u>Passive investment risk</u>

- The Sub-Fund is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund. Falls in the Index are expected to result in corresponding falls in the value of the Sub-Fund.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 13 December 2021

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Sub-Fund on the SEHK

Fee	What you pay
Brokerage fee	At market rates[1]
Transaction levy	0.0027%[2]
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[3]
Trading fee	0.00565%[4]
Stamp duty	Nil

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the NAV of the Sub-Fund which may affect the trading price.

	Annual rate (as a % of the Sub-Fund's NAV)
Management Fee*	0.99% per annum

[1] The brokerage fee is payable in the currency decided by the intermediaries used by the buyer and the seller.
[2] Transaction levy of 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.
[3] AFRC transaction levy of 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller.
[4] Trading fee of 0.00565% of the trading price of the Shares, payable by each of the buyer and the seller.

Custodian fee (inclusive of fees payable to the Sub-Custodian)	Included in the Management Fee
Registrar fee	Included in the Management Fee
Performance fee	Nil
Administration fee	Included in the Management Fee
Other ongoing charges	Please refer to Part 2 of the Prospectus.

** Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "Fees and Expenses" in Part 1 of the Prospectus for details.*

Additional Information

The Manager will publish important news and information in respect of the Sub-Fund, both in English and Chinese language at the following website http://www.csopasset.com/en/products/hk-mscia50 (the content of this website has not been reviewed by the SFC), including:

- the Prospectus and this statement (as amended and supplemented from time to time);
- the latest annual and semi-annual financial reports (in English only);
- any public announcements made by the Sub-Fund, including information in relation to the Sub-Fund and the Index, notices of the suspension of the calculation of NAV, changes in fees and charges, the suspension and resumption of trading of Shares;
- notices relating to material changes to the Sub-Fund which may have an impact on its investors such as material alterations or additions to the offering documents and constitutive documents of the Sub-Fund;
- the near real-time indicative NAV per Share of the Sub-Fund updated every 15 seconds during normal trading hours on the SEHK in HKD;
- the last NAV of the Sub-Fund in RMB only and the last NAV per Share of the Sub-Fund in HKD and RMB;
- full portfolio information of the Sub-Fund (updated on a daily basis);
- the compositions of the dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months (also available by the Manager on request);
- the tracking difference and tracking error of the Sub-Fund;
- the latest list of participating dealers and market makers; and
- the past performance information of the Sub-Fund.

The near real time indicative NAV per Share in HKD (updated every 15 seconds during SEHK trading hours) and the last NAV per Share in HKD are indicative and for reference purposes only.

The near real-time indicative NAV per Share in HKD uses a real-time HKD:CNH foreign exchange rate – it is calculated using the near real-time indicative NAV per Share in RMB multiplied by a real-time HKD:CNH foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative NAV per Share in RMB will not be updated when the underlying A-Shares market is closed, any change in the indicative NAV per Share in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last NAV per Share in HKD is calculated using the last NAV per Share in RMB multiplied by an assumed foreign exchange rate using the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last NAV per Share in RMB and the indicative last NAV per Share in HKD will not be updated when the underlying A-Shares market is closed.

Important

- If you are in doubt, you should seek professional advice.
- The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.